

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 PA-03 PRS-01 EUR-25 AGR-20 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10

SS-15 STR-08 CEA-02 RSR-01 /173 W

----- 121330

O R 070400 Z MAY 73

FM AMCONSUL SYDNEY

TO DEPT TREASURY WASHDC IMMEDIATE

INFO AMEMBASSY CANBERRA

SECSTATE WASHDC 4461

USINFO WASHDC

WHITE HOUSE

UNCLAS SECTION 1 OF 2 SYDNEY 1123

TREASURY FOR ARNOLD, PUBLIC AFFAIRS

E. O. 11652: N/A

TAGS: ECON, EFIN

FOLLOWING IS COMPLETE TEXT OF ADDRESS BY U. S.

UNDER- SECRETARY OF TREASURY, PAUL A VOLCKER, TO
AMERICAN CHAMBER OF COMMERCE IN SYDNEY, AUSTRALIA,
MAY 7:

THE FACT THAT I AM HERE IS MAYBE SYMBOLIC OF WHAT I'D LIKE TO
TALK ABOUT FOR A FEW MINUTES, AND THAT IS NOT THE DETAILS OF
MONETARY REFORM AND TRADE REFORM, AND I'M GOING TO TRY TO AVOID
ALL THE JARGON AND TECHNICALITIES IN THAT AREA. BUT I JUST WANT
TO SAY A FEW WORDS ABOUT WHAT I THINK LIES BEHIND ALL THE TURMOIL
THAT'S BEEN GOING ON, AND WHAT I HOPE IS ALSO GOING ON-- SOME
CONSTRUCTIVE NEGOTIATIONS AND REFORM EFFORT UNDERNEATH THE
SURFACE
TURMOIL. AND WHAT'S BEHIND IT, OF COURSE, IS FAMILIAR TO BUSINESS-
MEN-- IT'S PROBABLY MORE FAMILIAR TO BUSINESSMEN THAN TO GOVERNMENT
OFFICIALS. IT TAKES US A WHILE TO SEE THESE THINGS SOMETIMES.

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BUT ITS THE PROCESS OF CHANGE IN THE WORLD ECONOMY.

IT'S THE SAME PROCESS OF CHANGE IN THE BROAD, I THINK, THAT HAS
CREATED SUCH A LARGE AMERICAN- AUSTRALIAN CHAMBER OF COMMERCE
HERE. THE PROCESS OF, IN PART, INTERNATIONAL BUSINESS GROWING,
THE ECONOMY IS GETTING MORE INTEGRATED; BUT ALSO A PRO FROM DONG
NAI

RIVER ARE PRESENTLY CONTAMINATED WITH DIOXIN, BUT ADDS THAT THE
COUNTRY DOES NOT POSSESS THE EQUIPMENT NECESSARY TO CARRY OUT
TESTS TO CONFIRM HIS BELIEF. GVN OFFICIALS CONTINUE TO EXPRESS
CONCERN THAT UNLESS STRONG EVIDENCE IS PRESENTED TO THE CONTRARY,
PRESS STORIES THAT VIETNAMESE SEAFOOD MAY BE CONTAMINATED BY
HERBICIDES WILL HAVE VERY DAMAGING EFFECT ON VIETNAM'S FISHING
INDUSTRY.

4. ACTION REQUESTED: SINCE NEITHER EMBASSY NOR USAID POSSESSES
SUFFICIENT SCIENTIFIC EXPERTISE TO INTERPRET FINDINGS OF HARVARD
PROFESSORS MESELSON AND BAUGHMAN, EMBASSY WOULD APPRECIATE
CLARIFICATION OF PARA 2 REFTEL B, WHICH SEEMS TO IMPLY THAT
CONSUMPTION OF DIOXIN MIGHT HAVE HARMFUL EFFECTS ON HUMANS.
IN ADDITION, SINCE IT IS NOT CLEAR WHETHER JAPANESE WILL BE
ABLE TO PROCEED QUICKLY WITH MEANINGFUL TESTS, DEPARTMENT MAY
WISH TO EXPLORE POSSIBILITY OF CONDUCTING TESTS IN THE U. S.
WITH CURRENT VIETNAMESE SAMPLES. IF TESTS CAN BE ARRANGED,
WE MAY BE ABLE TO PROVIDE SAMPLES. FURTHER, IN VIEW OF PUBLICITY
CONTAMINATION STORY HAS GENERATED, IT WOULD BE HIGHLY DESIRABLE
IF PUBLIC STATEMENT COULD BE ELICITED FROM PROFESSORS MESELSON
AND BAUGHMAN AND OR OTHER AUTHORITATIVE SOURCES PLACING THESE
FINDINGS IN PERSPECTIVE.

WHITEHOUSE

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INFO OCT-01 ADP-00 PA-03 PRS-01 EUR-25 AGR-20 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 RSR-01 /173 W
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O R 070415 Z MAY 73
FM AMCONSUL SYDNEY

TO DEPT TREASURY WASHDC IMMEDIATE
INFO AMEMBASSY CANBERRA
SECSTATE WASHDC 4462
USINFO WASHDC
WHITE HOUSE

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NOW THE RESULT OF THAT PROCESS, AND THE RESULT, MORE FUNDAMENTALLY, OF THE CHANGES IN THE WORLD ECONOMY, WAS THAT OUR COMPETITIVE POSITION CAME UNDER PRESSURE. AND THE REAL CHANGE, IN THIS SENSE HAS BEEN THE CHANGE FROM THE PERSISTENT, UNCONSCIOUS, EASY SURPLUSES THAT THE UNITED STATES ONCE USED TO RUN IN TRADE, TO PERSISTENT, STRONG, INCREASINGLY TROUBLESOME PRESSURE ON OUR TRADE AND BALANCE OF PAYMENTS POSITION AS THE REST OF THE WORLD BECAME MORE COMPETITIVE. AND AS THE REST OF THE WORLD HAD, I THINK, A LITTLE MORE MANOEUVRABILITY IN PROTECTING THEIR COMPETITIVE POSITION AND THEIR TRADE POSITION.

NOW THIS IS AN UNSUSTAINABLE COURSE OF EVENTS. WE SUSTAINED IT MAYBE LONGER THAN IT SHOULD HAVE BEEN SUSTAINED, BECAUSE EVERYBODY IMPLICITLY, I THINK, FELT IT WAS IN THEIR INTEREST NOT TO UPSET THE APPLE-CART. AND YOU KEPT HOPING THAT THE APPLE-CART WOULD NOT HAVE TO BE UPSET. BUT THE THING BECAME STRETCHED AND STRETCHED-- PARTICULARLY OUR BALANCE OF PAYMENTS POSITION-- TO THE POINT WHERE CHANGES HAD TO BE MADE. AND OF COURSE THAT WAS SIGNALLED BY THE EFFORTS ON AUGUST 15, 1971, IN OUR COUNTRY, WHERE WE DECIDED THAT STRONG ACTION HAD TO BE TAKEN TO CHANGE

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